



MassHealth Fact Sheet – FY10 H.1

Nursing Facilities



Overview

In FY10, MassHealth spending on nursing facility services is projected to decline by 2-4% and utilization (days) is projected to decline by 4-5%. The acuity (casemix) of MassHealth members has remained relatively stable and is expected to increase slightly in FY10. In FY10, MassHealth is investing in a modest rate increase for nursing facilities, while incorporating payment incentives to promote high quality and cost effective care.

FY10 Policy Initiatives

Rate Increase - \$15M Investment

MassHealth will increase nursing facility rates by \$15M in FY10. Nursing facility rates will not be rebased in FY10. Budget language authorizes EOHHS to establish rates using the costs of any year determined to be appropriate.

Pay-For-Performance – (P4P) \$35M

MassHealth will make payments of \$35M in FY10 for facility performance in FY09, pursuant to MassHealth's new nursing facility P4P Program.

User Fee - \$75M Revenue Increase

The nursing facility user fee is an assessment on nursing facilities based on certain reimbursed patient days. The nursing facility assessment currently totals \$145 million. H.1 proposes to increase the assessment by \$75 million (increasing the total aggregate assessment to \$220 million), which will be directed to avoid a significant rate decrease, fund a \$15 million increase, and fund performance-based payments. Outside section language authorizes DHCFP to implement this provision.

Payment Reforms

MassHealth is exploring alternative payment approaches and will engage in discussions with nursing facilities regarding payment reforms and administrative efficiencies including streamlining the Management Minute Questionnaire (MMQ) process.